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December 16, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunication and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

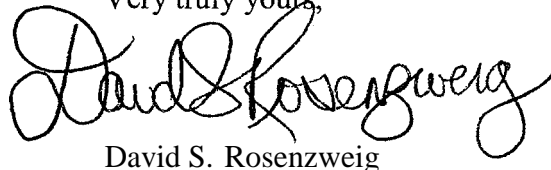
Re: NSTAR Electric, D.T.E. 03-102  
Residential Conservation Services Program Budget

Dear Ms. Cottrell:

I have enclosed an original and nine (9) copies of the responses of NSTAR Electric to the first set of information requests of the Department of Telecommunications and Energy in the above-referenced proceeding.

I have also included a Certificate of Service. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "David S. Rosenzweig", written in a cursive style.

David S. Rosenzweig

Enclosures

cc: Jody Stiefel, Hearing Officer  
Steven Venezia, Esq., DOER  
Larry Masland, DOER  
Joseph Rogers, Esq., Assistant Attorney General  
Suzanne Farrington, NSTAR Electric  
Charles A. Olsson, NSTAR Electric

**COMMONWEALTH OF MASSACHUSETTS**

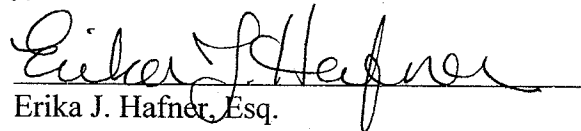
**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

\_\_\_\_\_  
NSTAR Electric  
\_\_\_\_\_

D.T.E. 03-102

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon the Department of Telecommunications and Energy, and counsel for all parties, by hand or first class mail, in accordance with the requirements of 220 C.M.R. 1.05 (the Department's rules of Practice and Procedure).

  
Erika J. Hafner, Esq.  
Keegan, Werlin & Pabian, LLP  
265 Franklin Street  
Boston, MA 02110  
(617) 951-1400

Dated: December 16, 2003

Information Request DTE 1-1:

Please refer to Exhibit 3 in this proceeding and Exhibit 3 of the previous year's filing (D.T.E. 02-62). The Company projects a budget of \$2,159,800 for 2004 compared to a budget of \$1,442,926 for 2003. Explain the major reasons for the difference.

Response:

The projected budget increase in 2004 is primarily a result of an expected increase in customer participation in the Residential Conservation Services ("RCS") program. As a result of discussions between the Company and the DOER, the Company was encouraged to integrate its Residential High Use ("RHU") program into the RCS program. Beginning in January 2004, the Company will phase out its RHU program. Customers previously served by the RHU program will be eligible to participate in the RCS program. The 2004 program budget is being proposed to support and accommodate the expected increase in participation.

Information Request DTE 1-2:

Please refer to Exhibit 3 in this proceeding and Exhibit 3 of the previous year's filing (D.T.E. 02-62). Explain the major reasons for the budgetary increases for 2004 as compared to 2003 in: (a) PPA - Internal In-house; (b) Marketing - Statewide Coordinated Vendor; (c) Customer Incentive - Energy Efficiency Incentive Customer; and (d) Program Implementation - Audits Vendor.

Response:

As noted in the Company's response to Information Request DTE 1-1, the principal reason for the budgetary increase is the integration of the Company's Residential High Use ("RHU") program and the Residential Conservation Services program. The major reasons for the particular line items are as follows:

- a) PPA - Internal In-house: The budgetary increase in this line item is primarily a result of a review of the Company's internal full-time equivalent ("FTE") resource allocations across all residential program sectors. This review resulted in a reallocation of the Company's FTEs to more accurately reflect the proper distribution and allocation of internal resources dedicated to administering this program for 2004.
- b) Marketing - Statewide Coordinated Vendor: The budgetary increase in this line item is a result of a planned increase in developing and implementing marketing materials and advertising designed to increase consumer awareness and participation specific to energy conservation, program awareness and participation benefits. The goal of these strategies is to increase customer implementation of energy efficiency measures. Implementation of many of the marketing efforts is planned jointly with other utilities to gain economies of scale in marketing cost savings.
- c) Customer Incentive - Energy Efficiency Incentive Customer: The budgetary increase in this line item is also a direct result of the planned increase in customer participation. The Company's goal is to increase customer implementation thereby, providing more incentive funds to be distributed among more participants.
- d) Program Implementation - Audits Vendor: The budgetary increase in this line item supports, once again, the Company's goal to increase customer participation. During the budget development process, NSTAR Electric expected and planned

for an increase in program implementation expenses as a result of serving more customers.